

**CITY OF GRAPEVINE
PURCHASING CARD PROGRAM
POLICIES AND PROCEDURES**

Overview

The purpose of the City of Grapevine Purchasing Card program is to establish an efficient, cost-effective method of purchasing and paying for small dollar transactions as well as high-volume, repetitive purchases. If used to its potential, the program will result in a significant reduction in the volume of purchase orders and related documentation including invoices and checks. In addition, corresponding work processes associated with ordering and check writing will be eliminated. The Purchasing Card can be used with any supplier that accepts MasterCard as a form of payment.

This purchasing procedure provides the **general** guidelines for using the Purchasing Card. Please read it carefully. Your signature on the Cardholder Agreement shows that you understand the intent of the program and agree to follow the established guidelines.

In addition, Purchasing has prepared **specific** guidelines in the form of a **USER'S GUIDE PACKET**. It includes Program Information as well as Site Administrator(s) and Card Vendor contacts for questions you may have. It also includes your single transaction limit, types of purchases acceptable with the Purchasing Card and restricted suppliers and merchants, if any. The **USER'S GUIDE PACKET** will be issued to each cardholder at the initial training session which is **REQUIRED** before any purchasing cards can be issued.

The following important points should be reviewed before using the Purchasing Card:

1. Your Purchasing Card is issued in the name of a specific individual. All purchases made on the Card are the responsibility of the individual. You are responsible for the security of the Purchasing Card and the transactions made with it. Inappropriate use of a purchasing card may be cause for disciplinary action to be taken against the cardholder.
2. The Purchasing Card may be used at any vendor or service provider that accepts MasterCard, is participating in the program and is not on the restricted list. It may be used for in-store purchases, mail, telephone or fax orders.
3. The Purchasing Card may be used to purchase supplies and services less than the Single Transaction Limit that was established.
4. Use of the card must not exceed the credit limit assigned to the Purchasing Card in a given month.
5. Each cardholder must reconcile the statement received from Bank of America to ensure all charges are accurate. Statement reconciliation needs to be completed within seven days of receipt of your statement.
6. The Purchasing Card is not intended to be used to avoid or bypass appropriate purchasing or payment procedures. This program compliments the existing processes available.
7. The Purchasing Card is not for personal use.
8. The Purchasing Card must be returned to the Program Administrator upon an employee's transfer or termination of employment. The employees final paycheck will be withheld until the Purchasing Card is turned in to the Program Administrator.

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Recommended guideline for issuing a purchasing card

The following is a recommended guideline for authorizing an employee purchasing card:

1. The cardholder should be at a supervisor level or above; and/or,
2. The cardholder should have a need to purchase at least \$100.00 per month (average) for a 12 month period; and/or,
3. The cardholder should be in a position which requires access to a purchasing card even though neither of the above two criteria are met.
4. Issuance of cards to employees must be approved by the City Manager's Office.

Making Application

Any employee requesting a City purchasing card must first submit an application form for approval. There are three approval levels required before the purchasing division is allowed to request a card from Bank One. The approval levels are the employee's Supervisor, the employees Department Director and the City Manager's office. An application form is available on the City Intranet Web Site at the following address:

<http://www.intranet.ci.grapevine.tx.us/purchasing/ccrequestform.cfm>

This form can be printed off, filled out and submitted to the appropriate levels of approval.

Duties and Responsibilities

Program Administrator

A Program Administrator will be designated by the City for questions, issues and administration of the program. This person will be knowledgeable on all procedures in the Cardholder User's Guide. All Purchasing Card requests to the purchasing card vendor must go through the Program Administrator. The Purchasing Agent will act as the Program Administrator for The City of Grapevine.

Site Administrators

Site Administrators in each department are designated to keep documentation for the Purchasing Card activities within a division. Site Administrators are knowledgeable about the program and will assist with Purchasing Card changes (i.e., credit limits, Purchasing Card information, etc.) Cardholders will first contact the Site Administrator to assist with cardholder problems. If the Site Administrator cannot assist the cardholder the Administrator will then refer questions or potential problems to the Program Administrator. Each Department Director will designate a Site Administrator for their department.

Cardholder

The cardholder is the person designated by the City to utilize the Purchasing Card. The cardholder is responsible for following the guidelines provided by the City regarding purchases, selection of vendors, security of card and monthly reconciliation of the charges and coding of charges to his or her department accounts.

Department Directors

The Department Director is responsible for designating Site Administrators and cardholders and approving monthly Purchasing Card statements of cardholders to ensure they are within city administrative policy. The Department Director will also assist in assigning cardholder spending limits and regulations.

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Customer Service

The Purchasing Card program is serviced through a Customer Service Center. This center is available 24 hours a day, 7 days a week to assist ***the cardholder*** with general questions about the Purchasing Card account. If a Purchasing Card is lost or stolen, Customer Service should be notified immediately.

The current customer service number is: 1-800-890-0669

Purchasing Card Controls

Credit Limits

All Purchasing Cards have monthly cardholder spending limits. Limits may vary for each cardholder and will be established and approved by the Department Director.

Each cardholder will be given information on the limits of his/her card upon signing up for the program. In order to change limits on any card, the Department Director should contact Purchasing to obtain the appropriate form. When completed, the Department Director should forward the form to Purchasing for processing. If required, Purchasing will obtain any additional approvals and then forward the request to the credit card vendor for processing.

* Processing will take 2 to 3 days. *

Transaction Limits

Purchasing Cards have a default maximum single transaction limit of \$1,000 and a default maximum monthly limit of \$5,000. These limits can be increased if approved by the Department Director but cannot exceed \$2,999.99 for a single transaction limit. Any purchase above \$2,999.99 requires various types of quotations and should be submitted on a purchase request to Purchasing. The single transaction limit is the amount available on the Purchasing Card for a single purchase. A transaction includes the purchase price, plus tax (if any) and freight. Cardholders should not attempt to make a purchase greater than his/her approved amount or make repetitive transactions in order to circumvent the single transaction limit. Card purchases will be audited to identify repetitive transactions. Changes to the transaction limit must be processed through the Program Administrator.

Restricted Vendors, Materials, or Services

The Purchasing Card program may be restricted from use with certain types of suppliers and merchants or materials and services. If the Purchasing Card is presented for payment to these vendors or for the materials or services, the authorization request will be declined. Any restricted vendors, materials or services will be identified to you when you receive your ***USER'S GUIDE PACKET***.

Maintaining The Purchasing Card

Purchasing Card Transaction Log

The transaction log is intended to provide an additional method for expenditure tracking while using the Purchasing Card. Each cardholder will use a new log for each month's purchases and make a record in the log each time a purchase is made. The cardholder will use a detailed description of the item to recognize the purchase as an authorized one. The log will be used for audit purposes to verify that all purchases and documentation were received.

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Receipts

Always obtain a receipt when using the Purchasing Card. It is every cardholder's responsibility to ensure there is a receipt for each purchase. The receipts should be kept in a receipt envelope, with the transaction log secured to the outside. This envelope should be forwarded to Accounting at the end of each cycle.

The log also should be used to track credit limits.

The log and the receipts will be each cardholder's back up to the monthly Purchasing Card charges recorded on the Cost Center reports. **BOTH THE LOG AND THE COST CENTER REPORTS MUST BALANCE.**

Statement of Disputed Items Form

The cardholder may use this form to dispute any transaction that appears on their Cardholder Memo Statement.

Card Reconciliation

At the end of each billing cycle, every cardholder will receive a Cardholder Memo Statement, which lists purchases made to the department account/s. Upon receipt of this statement; the cardholder should reconcile the statement with their Purchasing Card Transaction Log. Attach all documentation, note any additional information pertinent to the purchase, and forward the package to their Department Director or the Directors appointed representative for approval.

After reviewing the information sent by each cardholder, the Department Director or the Directors appointed representative should approve the purchases and forward the documentation to the Finance Division. The Department Representative will also code the charges for each of their Purchasing Card transactions. The Finance Division should then verify that the Cardholder Memo Statement is consistent with the Statement Memo Summary Detail received from the purchasing card vendor for the company's files.

Sales Tax

The City of Grapevine is tax exempt from most sales and use tax as allowed by law. A Tax exempt card will be issued with your credit card and should be presented to the vendor upon request. If tax is accidentally included on the sale **BANK ONE CANNOT DELETE IT FROM THEIR STATEMENT. IT WILL BE UP TO EACH CITY EMPLOYEE TO GO BACK TO THE VENDOR AND REQUEST THAT THE TAX IS CREDITED BACK TO THE CITY.**

In some special cases (such as hotel taxes) the city is required to pay some forms of tax. If you have any doubts about the tax or if the vendor requires that tax be paid even if you have presented the City tax exempt card, contact either Purchasing or Accounting for additional instructions.

The Finance Division may periodically perform internal audits.

Security of the Purchasing Card

Each cardholder is responsible for the security of his/her card. This card should be treated with the same level of care, as the cardholder would use with his/her own personal charge cards. Guard the Purchasing Card account number carefully. It should not be posted in a work area, or left in a conspicuous place. It should be kept in an accessible, but secure location.

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Card Usage

The only person authorized to use the Purchasing Card is the cardholder. The card is to be used for **business purposes only**. **Under no circumstances should an employee give their card to another employee or person to make a purchase**. Unauthorized use of the Purchasing Card can result in disciplinary action, including termination.

Employee Termination or change in duty

The Purchasing Card must be returned to the Program Administrator upon the cardholder's transfer, termination, or upon change in duty. The responsibility to insure that cards of terminated employees are returned to the Program Administrator rests solely with the Department from which the employee was terminated.

Lost or Stolen Cards

If a Purchasing Card is lost or stolen, immediately contact Vendor Customer Service at 1-800-890-0669. After contacting the vendor, notify the Program Administrator. Prompt action can reduce the City's liability for fraudulent activity.

Purchasing Cards will be distributed via the Program Administrator. When a new card is issued, the credit card vendor will send it to the Program Administrator for distribution to the cardholder. Cards will not be released to cardholders until each cardholder has gone through training, received all supplies related to the program and signed the Cardholder Agreement.

Cardholder Purchasing Card Agreement

Each cardholder is required to sign an agreement between the cardholder and city, which affirms that the cardholder has read and understands the policy and procedures for the Purchasing Card. The Cardholder, Department Director and the Program Administrator will sign this agreement at the end of the training session.

Cardholder User's Guide Packet

A Cardholder **USER'S GUIDE PACKET** will be issued to each cardholder and will outline the city's policies and procedures regarding Purchasing Cards. It also outlines approved types of purchases and preferred vendors.

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Purchasing Card Activation

The cardholder must call the telephone number listed on the card for activation. Upon receipt of the card, the cardholder should sign the back of the Purchasing Card and always keep the card in a secure place.

Making Purchases

BUY GRAPEVINE

Cardholders should promote and encourage positive interactions with suppliers and **attempt to use Grapevine vendors where possible**. A list of approved vendors can be obtained from Purchasing. Honesty and courtesy are essential ingredients in all aspects of a buyer/supplier relationship.

All cardholders must follow the procedures below when using the Purchasing Card:

1. Determine if the transaction is an acceptable use of the card, and if it is within the cardholder's spending limit.
2. Identify the supplier, call, and fax or visit the supplier to place your order.
3. If the order is by mail, specify the cardholder name, company name, department name and shipping instructions. Also, specify the Purchasing Card number, expiration date and name as it appears on the card.
4. Indicate that the City is tax exempt* from sales tax and send or deliver a tax-exempt form (if required).
5. Confirm pricing, tax and freight.
6. Request that a hard copy of the pricing, tax and freight be faxed to the cardholder and/or included in the shipment of supplies.
7. If required by the vendor, the Purchasing Division will provide a purchase order number as outlined above. The Purchasing Division will keep a list of all such purchase order numbers.
8. Request that the supplier to show your name and the words "P-Card" appear on all packing lists and box labels. This will enable the receiving department to facilitate delivery of your supplies.

*Note: In some special cases (such as hotel taxes) the city is required to pay some forms of tax. If you have any doubts about the tax or if the vendor requires that tax be paid even if you have presented the City tax exempt card, contact either Purchasing or Accounting for additional instructions.

Receiving Supplies and Services

A copy of the charge slip, sales receipt or any other information related to the purchase must be kept in the receipt envelope.

Invoices with no amount due are the most optimal documentation since they itemize the purchases and show any sales tax that was incurred. A vendor's entry system usually prints an automatic invoice with the processed order. **Instruct the vendor not to send the invoice to the Accounts Payable Department but directly to the individual cardholder making the purchase (this will prevent duplicate payments to vendors)**. If a purchase is made via mail or telephone, ask the vendor to include the receipt with the goods when shipping the product. The receipt is the only original documentation specifying tax paid on the purchase. **Please remember that Finance will pay only from ORIGINAL invoices or sales slips**. Faxed or Xerox documents cannot be accepted. If an invoice or sales slip is lost the cardholder will be responsible for obtaining a replacement original which has noted on it that it is to replace the previous invoice and identifying the invoice number and date of issuance.

Timely submission of paperwork is important. Delayed submission of paperwork will cause the card to be terminated.

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Returns, Credits and Disputed Charges

Should a problem arise with a purchased item, service or charges, the cardholder should make every attempt to first resolve the issue directly with the supplier. Review of future statements is vital to ensure the account is properly credited for returns, credits and disputed charges. The cardholder should note all returned, credited or disputed items on the Purchasing Card Transaction Log.

Returns

If an item needs to return to a supplier, the cardholder will contact the supplier and obtain instructions for the return. Note that some suppliers may charge a restocking or handling fee for returns. All returns should be indicated in the transaction log along with a notation of any restocking or handling fees.

Credits

If the item is accepted as returned by the supplier, a credit for this item should appear on the following month's statement. All credits should be indicated in the transaction log.

Disputed Charges

If a cardholder finds a discrepancy on a monthly statement, the cardholder should contact the supplier and attempt to resolve the problem directly. All disputed items should be indicated in the transaction log.

If a cardholder cannot resolve a disputed item directly with the vendor, the cardholder should obtain a dispute form from purchasing. The credit card vendor will place the charge in a "State of Dispute" and the account may be given a provisional credit until receipt of adequate documentation from the vendor. If the documentation appears to be in order, the transaction will be re-posted to the account and the dispute considered closed. If the charge is suspected to be fraudulent, the card will be immediately blocked, continue to have a provisional credit (if given) and an investigation of the charge will continue. A new card will then be re-issued to the cardholder, if appropriate. If the charge appears legitimate, the transaction will then post to the new account.